

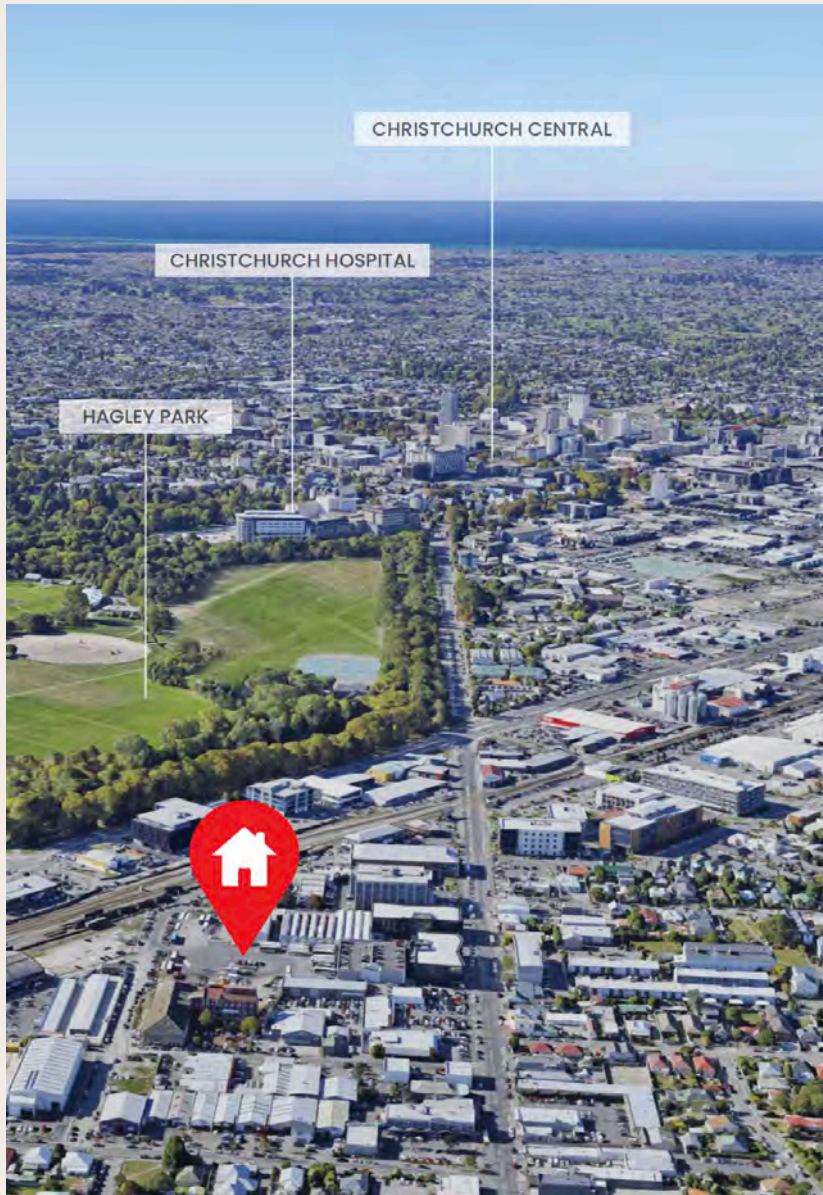


# Property Information Pack

Lincoln Road  
Addington, Christchurch



  
**OPES**  
PARTNERS



# Snapshot

Addington  
317 Lincoln Road

\$649k - \$735k



2



1.5



1

**Estimated Rent**

\$440 - \$580

**Estimated Start/Finish**

Jan 2022 - Sep 22

**Land Description**

Free Hold

**Estimated Rates**

\$3,200

**Estimated Insurance**

\$1,700

**Estimated Association**

\$500

**What**

A development of 60-townhouses with 2 and 3 bedrooms and off street car parking or a single car garage. All townhouses have an open plan kitchen and living area.

**Where**

The development is in Addington, south of Hagley park in Christchurch. The project is a 10-minute walk to Hagley Park as well as a 5-minute drive to the Christchurch City Center.

**Who**

The developer for the project is Wolfbrook Living, Opes have worked with them on various occasions and they always complete a top quality build.

# Regional Price Comparison

Canterbury's median house price is 17.82% below its long-term average.



## Canterbury house prices appear to be underpriced compared to their long-term average.

Canterbury house prices appear to be underpriced compared to where we might expect them to be.

Before the Covid-19 outbreak, Canterbury house prices had been growing at a slower rate than the nations average. However, a mixture of low interest rates, returning Kiwis and rampant demand has seen the market return to life. On average, over the last 28 years, Canterbury's median house price has been 87.65% of New Zealand's median house price.

Assuming the long-term fundamentals of the Canterbury property market have not changed, Canterbury's median house price should eventually track back to this long-term average. That suggests that there is currently a buying opportunity in Canterbury.

### How to read the graph

The blue line represents Canterbury's house price compared to the median house price in New Zealand. When it goes up, Canterbury house prices are rising more quickly than New Zealand's average.

When it goes down, Canterbury's house price is increasing more slowly than the country's average.

When the blue line is above the trendline, Canterbury house prices are above the average that we'd expect them to be. Conversely, when the blue line is below the trendline, Christchurch house prices are below what we'd expect them to be.

### Where the data comes from

The data comes from the median house prices within Canterbury and New Zealand, as calculated by the Real Estate Institute of New Zealand. It includes data from as early as 1992 when the institute began collecting data. The data in this report is crunched by Opes Partners Resident Economist, Ed McKnight



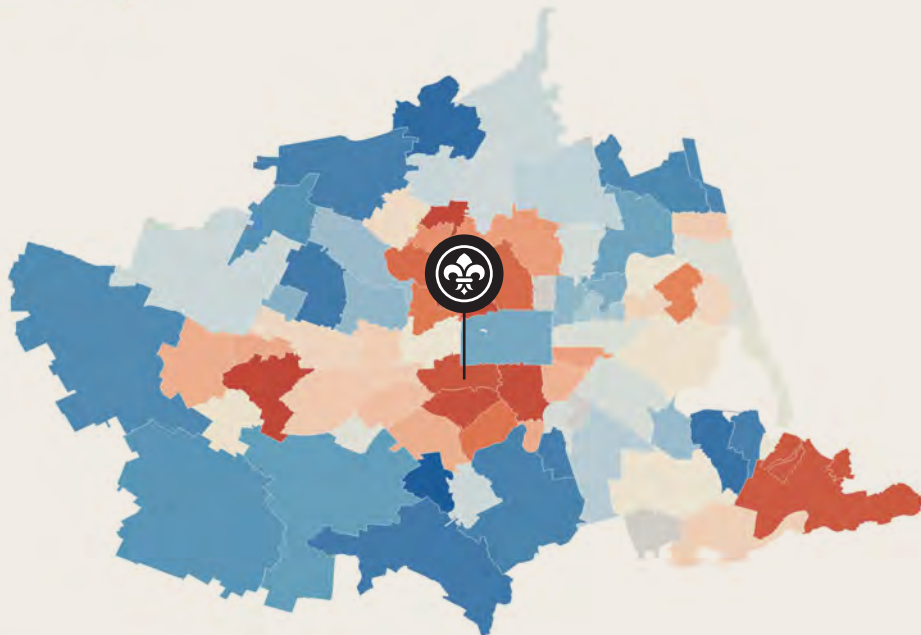
# Capital Growth in Addington

Where did properties grow in value the fastest in Christchurch?

2000-2021

## Where Did Properties Grow In Value The Fastest in Christchurch?

2000 - 2021



Map: Opes Partners - Source: Core Logic, LINZ, Tenancy Services - Created with Datawrapper

## Addington is in the top 3 suburbs for capital growth

### House prices in Addington have historically increased more quickly than some of Christchurch's most affluent areas

Over the past 21 years (Jan 2000 – Mar 2021), house prices have increased by an average of 5.67% per year. That means house prices in the suburb doubled in value every 12.56 years. Over this time frame, Addington achieved a faster capital growth rate than surrounding suburbs like Christchurch Central, Riccarton, Hillmorton and Middleton. As well as achieving a faster capital growth rate than some more affluent suburbs like Fendalton, St Albans, Sumner and Bryndwr. This makes it one of the fastest appreciating suburbs in Christchurch. As well as having a good capital growth rate, it is also a very affordable suburb. Addington has a median house value of \$441,400, which is a lot cheaper than the Christchurch average of \$569,000. Typically, a suburb's capital growth rate is correlated with its house prices. In other words, more expensive suburbs have historically achieved more capital growth. But, in this instance, Addington is an affordable area in Christchurch, being in the top 10% for affordability, as well as being in the top 5 suburbs for capital growth. This is why we find that Addington and surrounding suburbs are attractive to investors.

### How reliable is this data?

This data comes directly from CoreLogic, one of the country's largest providers of property market data.

Here at Opes, we spend five figures a year purchasing and crunching the data to find the most suitable suburbs to invest in.

You can find an interactive version of this map at [opespartners.co.nz/property-markets/Christchurch](https://opespartners.co.nz/property-markets/Christchurch).

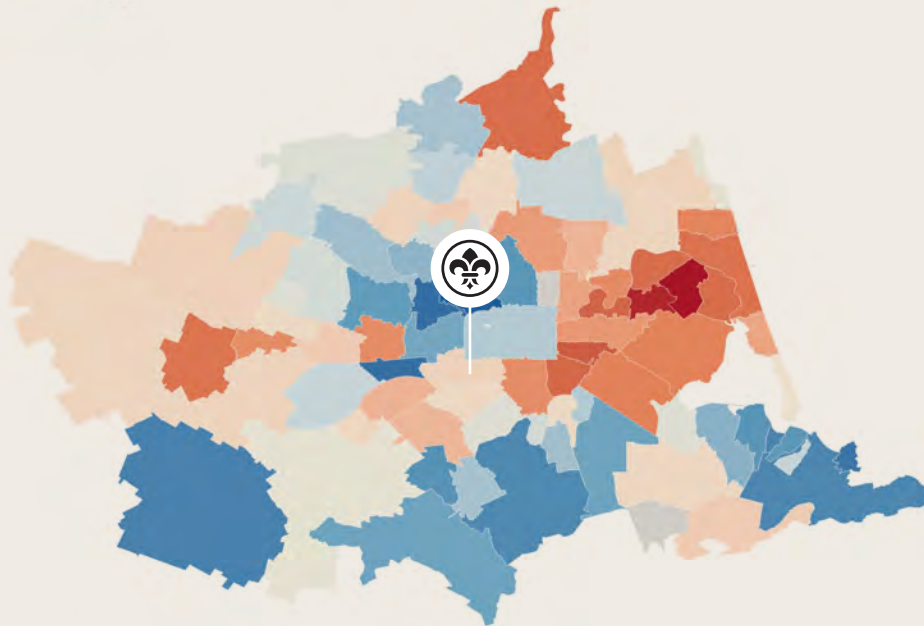
# Gross Yields in Addington

## Christchurch Gross Yield

2000-2021

### Which Christchurch Suburbs Have The Highest Yields?

December 2020



Map: Opes Partners • Source: Core Logic, LINZ, Tenancy Services • Created with Datawrapper

## Addington yields are in the middle of the pack compared to other Christchurch suburbs

**The average gross yield in Addington is 4.75%**

**This is just above the Christchurch median of 4.58%**

Addington has a higher average gross yield than some other neighbouring suburbs like Riccarton, Spreydon, Christchurch Central and Middleton. As well as having a higher gross yield than some more affluent areas like Merivale, Strowan, St Albans and Bryndwr.

So investor who buy in Addington tend to get a higher rental return for the money they spend.

Even though Addington attracts higher rental returns on average, there will be variation within the area. Some properties will achieve gross yields well above this average. Others will only earn a mediocre return.

### How was the data calculated?

The average gross yield for Addington is calculated by taking the median rent from the suburb (\$370 p/w) and comparing it with the suburb's \$441,400 average value.

It's important to note that the average rental property in Addington may be different from the average property. For instance, the average rental is likely to be more expensive, which would suggest that the actual average gross yield is probably a few percentage points lower.

However, it's still helpful to run these analyses with the available data because it still compares suburbs fairly.

# What these Addington properties rent for.



## What do the properties rent for? And is that realistic?

The most affordable properties within this development are priced at \$649,000. The latest rental assessment suggests that these would rent between \$440 - \$450.

Taking the midpoint of \$445, the property is expected to achieve a gross yield of 3.56%.

This rental range is likely to be achieved. Over the last 6-months, 465 different 2-bedroom properties were rented within the suburb. That makes up 31% of all properties that found a new tenant in Addington over that time frame. This shows that there is decent demand for 2-bedroom properties within the area.

The median rent in the suburb over the last 6-months was \$370 based on bonds lodged. The upper quartile over that period was \$440. So 25% of all properties within Addington tend to rent within the \$370 to \$440 price range.

That suggests the rental assessment on these townhouses is realistic, as they will rent just over the median rent in Addington. This is due to the development being a brand-new build, with a carpark and spacious. It's a better property than your average Addington home.

## There are 5 properties within the development... aren't I going to be competing for a tenant?

While there are 5 units within the development, we expect that they can be absorbed within the Addington rental market.

Over the last 6 months (Nov20 – Apr21), 465 two-bedroom properties were tenanted in Addington.

This shows that Addington is a popular suburb for small rentals, due to its location and convenience for visiting or working in the city.

This gives us the confidence that these properties can be absorbed within the rental market. However, to ensure that this is the case, they should be marketed to tenants 2-3 weeks before settlement.

Property investors should also budget for 3 weeks-worth vacancy so that any vacancy is planned for.

Many property buyers will receive a cash back from their lender which can ease the cash flow over this time.

# Edconomics

## Addington

**1. Addington house prices have increased the 3rd fastest of any suburbs in Christchurch since the turn of the century.**

Between Jan 2000 and Aug 2018 (the period for which we have data), the median house price in Addington grew at 6.06% compounding every year. The only suburbs that grew faster were wealthy suburbs with house prices so high that their stock would not be appropriate or investors. In other words, Addington was the fastest appreciating affordable suburb.

**2. People have historically moved more quickly to Addington compared to the rest of the city.**

Between the 2006 and 2013 Censuses, Christchurch's population fell by 2.01% each year due to the Canterbury earthquakes. However, during the same period, Addington's population increased by 2.52% per year. This has increased demand for housing control to the rest of the city, which is likely one reason that house prices have grown faster in that suburb compared with the average.

**3. Addington has a fantastic location and is close to the city's top amenities.**

Addington properties are in a prime location. Just to the suburb's north is Christchurch's CBD on one side, and Hagley Park on the other. The proximity to Hagley Park is desirable given that the park also includes fitness and leisure facilities, the Christchurch Museum and the Christchurch Botanic Gardens.

**4. The median house price in Addington is the 9th cheapest out of the 59 Christchurch suburbs. There's room for growth in property prices.**

Given the close proximity to Hagley Park and Christchurch's CBD, it is perhaps surprising that Addington properties topic are so cheap. The suburb has a median house value of just \$361,900. This affordability, coupled with its high historical growth rates make the suburb attractive to investors.

**5. Canterbury house prices are undervalued by 20% compared to their long-term average – it is the most undervalued region in the country.** The median Canterbury sale price is currently 20% below its long-term average compared with NZ's other regions. History shows these disparities don't last for long and tend to correct themselves once property prices in one region start looking cheap. Dunedin City sale prices were recently \$39,000 more than Christchurch City sale prices. The Canterbury region is due for 'catch-up growth'.



Ed McKnight  
Resident Economist



# Who are these properties the right fit for?

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## Investors looking for a growth property

There is no unicorn suburb that is in the top 10% for capital growth, yields and affordability. So, investors need to find a balance between the three. These properties are likely the right fit for investors looking for capital growth.

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## Investors who want a modern property in a good location.

10-minute drive to Christchurch's central city and 2km away from Barrington Mall. Located in an affordable yet good location. These properties within this development are for investors who want to be central to the city and shops, purchase a new build, as well as being in a steady growth area.

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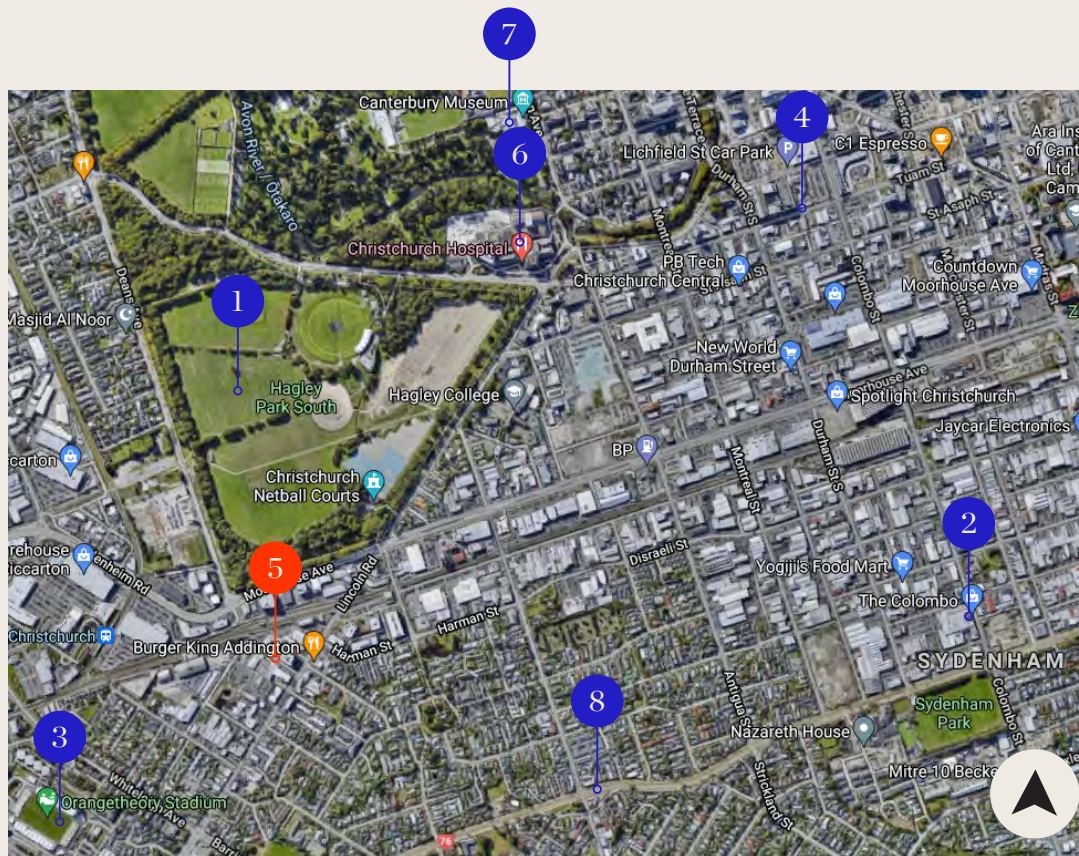
## Who is this property not the right fit for?

While Addington is in the top 50% for Christchurch suburbs for gross yields, it is not in the top 10% or 20%. So investors who want to purchase in a higher yielding area, and who can afford to do so, my want to consider a different investment.





# In the Area



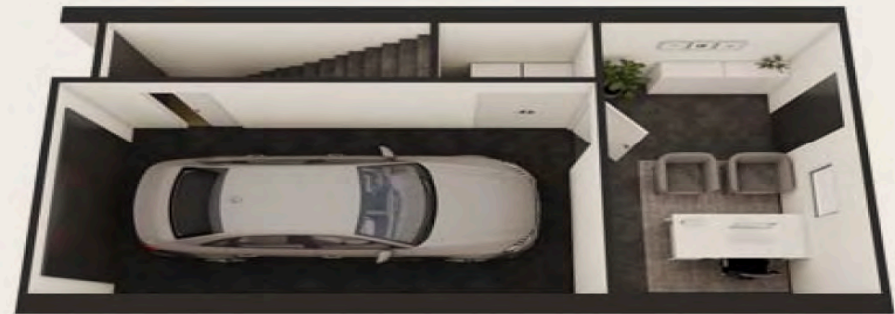
- |    |                      |    |                                |
|----|----------------------|----|--------------------------------|
| 1. | Hagley Park          | 5. | The Development                |
| 2. | The Colombo Mall     | 6. | Christchurch Hospital          |
| 3. | Orangetheory Stadium | 7. | Canterbury Museum              |
| 4. | Christchurch CBD     | 8. | Christchurch Southern Motorway |

## Location

The Barrington Mall shopping center is 2km away, which has various stores, services and employment opportunities. Hagley Park is located 1km north of the development and the Christchurch hospital is in the same vicinity. The development is located close to the Southern Motorway, a key transport route for entering and exiting the city.

Addington Raceway & Orangetheory Stadium are located 1.5km away, which holds various sporting and musical events. The development is also surrounded by a solid residential area.

# Configurations



GROUND FLOOR



FIRST FLOOR



SECOND FLOOR

# Return on Investment & Cashflow

## 15 Year Return on Investment

	100% Lending	With 20% Cash Deposit
Purchase Price	\$649,000	\$649,000
<b>Returns</b>		
Capital Growth (5% / year) (In Today's Money)	\$520,277	\$520,277
Cashflow (In Today's Money)	\$356	\$15,798
<b>Total Returns</b>	\$520,633	\$535,229
<b>Investment</b>		
Equity	\$133,800	\$133,800
Cashflow	\$67,606	\$15,798
Total Investment	\$201,406 \$67,606 in cash \$133,800 in equity	\$149,598 \$15,798 in cash \$133,800 in equity
Return on Investment	258.50%	357.78%

## 1st Year Operating Cashflow

	100% Lending	With 20% Cash Deposit
Purchase Price	\$649,000	\$649,000
Set up Costs	\$4000	\$4000
Cash Deposit	\$0	\$129,800
Mortgage Size	\$653,000	\$523,200
Rent Per Week	\$445	\$445
Vacancy	3 weeks	3 / weeks
Rent Per Year	\$21,805	\$21,805
<b>Financing Costs</b>		
Interest Rate	2.50%	2.50%
Mortgage Payment (Interest Only)	\$16,325	\$13,080
<b>Operating Costs</b>		
Property Management	\$2,509	\$2,509
Tenant Sourcing Fee	\$0	\$0
Rates	\$3,200	\$3,200
Insurance	\$1,700	\$1,700
Maintenance	\$500	\$500
Resident's Association	\$500	\$500
Accounting	\$1,150	\$1,150
Total Costs	\$9,555	\$9,555
Annual Cashflow	- \$4,075	- \$805
Cashflow Per Week	- \$78 p.w	- \$15 p.w



# Why this developer?

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## Here's what gives us the confidence to recommend a property from Wolfbrook Residential.

Wolfbrook Homes is a relatively young company, having been incorporated earlier in 2018. That youth would usually raise concerns for us at Opes. But, in this case, although the brand and company are still young, the team behind it are experienced.

Steve Brooks, one of the directors, has been in the real estate game for over 18 years and has 32 years old. James Cooney, the other director was a graduate with Valuation and Property Management degree and has been in the commercial property game for over 10 years.

Wolfbrook have completed a range of different properties specializing in townhouses. They've completed at least 43 developments since being formed.

Having worked with Wolfbrook Homes on previous occasions, Opes have a good relationship with Wolfbrook and it gives us confidence that Wolfbrook will likely deliver a quality product and competently manage hiccups as they arise.

## Previous Projects

### **9 Bolton Avenue, Spreydon Christchurch**

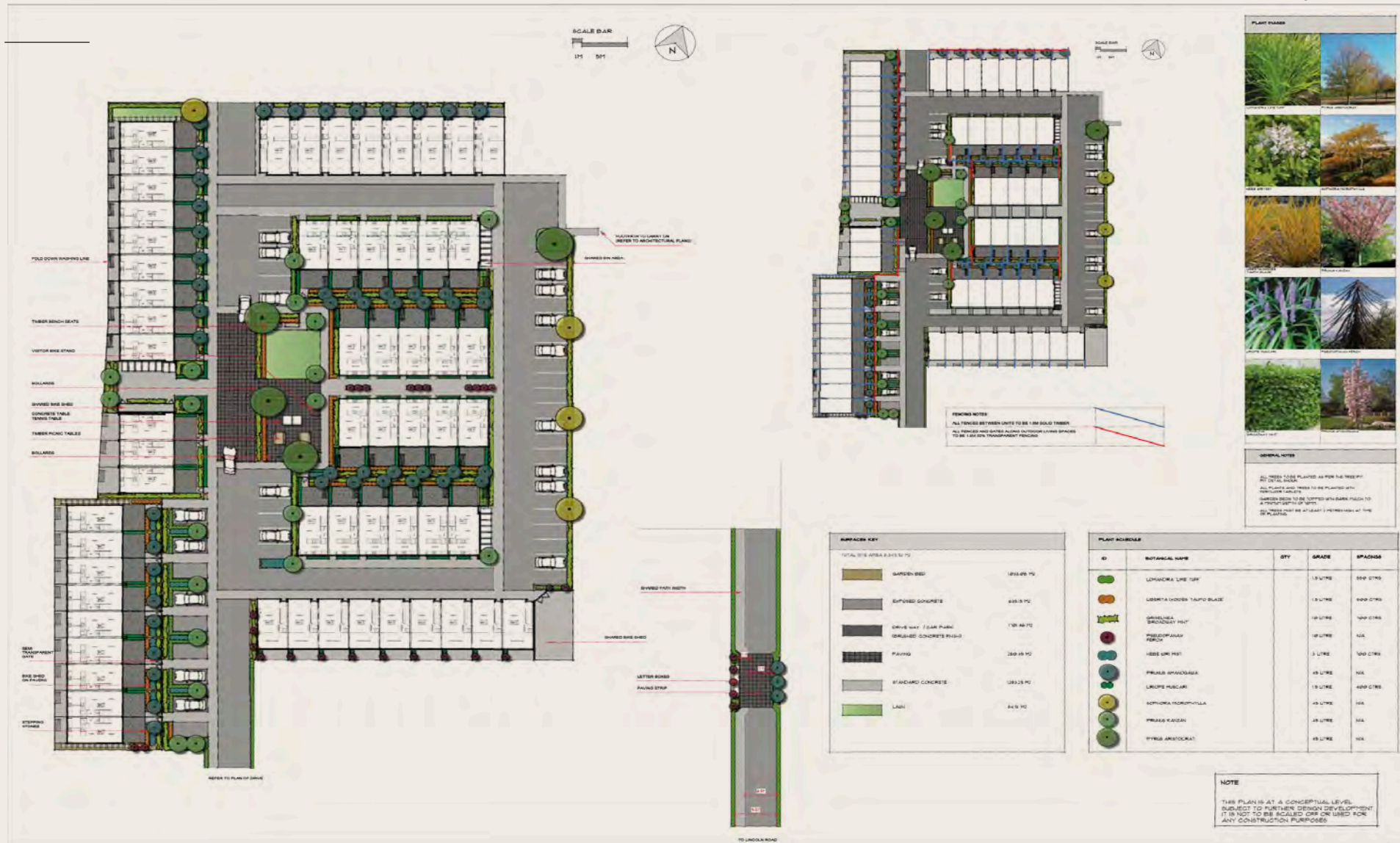
7 residential units located in Christchurch,  
primarily 2 bedrooms

### **2 Division Street, Riccarton, Christchurch**

15 residential units located in Christchurch,  
primarily 2 bedrooms

# Visuals of this Project

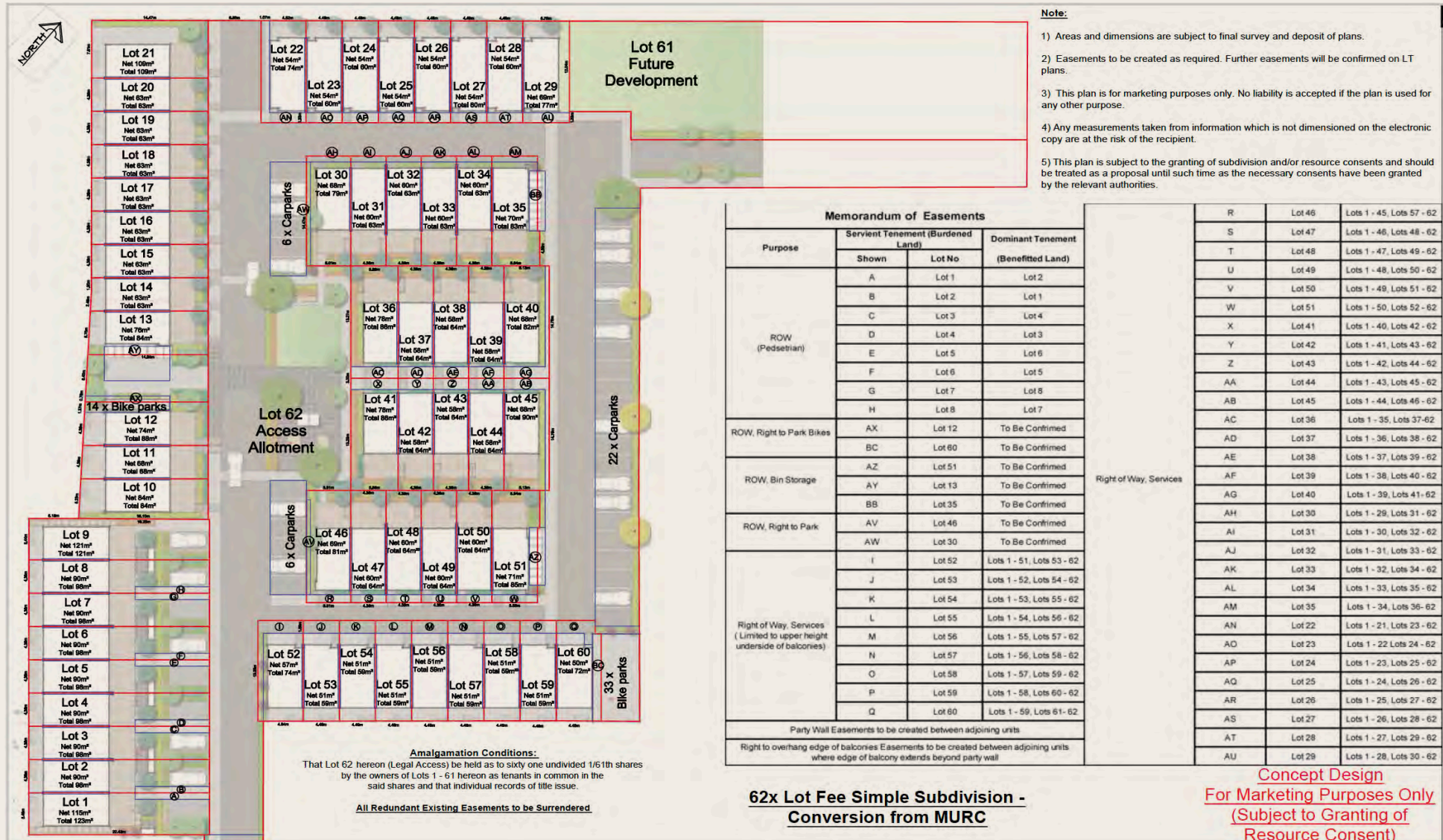
## Landscape Plan





# Visuals of this Project

## Supdvision Plan





# Visuals of this Project



**The  
Development**



# Visuals of this Project



# Our 23 Step Pre-Investment Checklist

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## Location Checklist

- |    |   |   |
|----|---|---|
| 1. | Strong historical capital growth in the region, suburb or build-type                          | The average annual capital growth rate in Addington was 5.67% between Jan 2000 and Mar 2021   |
| 2. | The region in an appropriate part of its property cycle                                       | Canterbury appears to be 17.82% undervalued   |
| 3. | High population growth in the area as a proxy for future tenant demand                        | Canterbury has a current population growth rate of 0.46%  |
| 4. | High employment area  | 55.4% of people living in Addington East are employed in full time work. This is higher than the Canterbury average of 51.1%. While unemployment was higher in Addington at the last census compared to the rest of the region (4.2% vs 3.2%), this is because fewer people are engaged in part time work |
| 5. | Diverse industries in the city or town for the security of long term employment opportunities | Christchurch's GDP per capita in the top 30% for New Zealand  |
| 6. | Close to new or soon to be built infrastructure   | Addington is close to the new Christchurch Stadium that's set to be completed in 2024   |

## Developer

- |     |  |  |
|-----|--|--|
| 7.  | Developer in a solid financial position and able to complete the development   | Wolfbrook Residential has strong financial backing. Opes has previously worked in conjunction with them before   |
| 8.  | The developer has a good reputation for the quality of build, product, finish and delivering what they say they will | The developer has an impressive track record. This has been our experience based on the past projects completed. |
| 9.  | The developer is a reasonable person to deal with when things go wrong   | Opes has a good relationship with Wolfbrook Residential and they have been good to deal with                     |
| 10. | All-inclusive Turn key build   | Properties are all-inclusive, turn-key builds  |

## Willingness for the Banks to Lend

- |     |  |   |
|-----|--|---|
| 11. | Strong gearing advantage, the banks will lend against the security of the building | Investors require a 20% deposit to purchase, compared to 40% for existing properties      |
| 12. | Widely insurable   | Insurance organised through Resident's Association. Easier to insure as it is a new build |



# Our 23 Step Pre-Investment Checklist

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## Building Checklist

- |     |  |  |
|-----|--|--|
| 13. | Healthy and acceptable yields for the growth expected                    | Estimated 3.56% gross yield based on a purchase price of \$649,000 and an expected rent of \$445 per week. |
| 14. | Good demand from tenants for the type of property                        | Currently 15.2% of properties rented in Addington are 2-bedroom properties.                                |
| 15. | “Would the tenant we’re trying to attract want to live in the property?” | Property visually appealing and close to motorways   |
| 16. | Appropriate finish and spec for an investment property                   | Property is not over-specified or too premium to be an investment property                                 |
| 17. | Built of both robust and low maintenance materials                       | Materials are appropriate for an investment property and easy to replace when needed                       |
| 18. | Low maintenance grounds and landscaping for tenants                      | Outdoor spaces are compact and low maintenance for tenants to look after                                   |
| 19. | Built to meet Healthy Homes Standards                                    | The property meets healthy homes standards   |
| 20. | Appropriate expenses for the property to ensure the cashflow works       | Operating costs estimated to take up 43% of rent. This is typical for this sort of property                |

## Pricing Checklist

- |     |   |  |
|-----|---|--|
| 21. | Priced appropriately and affordably as an investment property | The most affordable properties in the development are \$649,000. Slightly higher than the Christchurch average.  |
| 22. | Priced at or under its valuation                              | Valuations haven't been conducted as properties are at early stages of development. The prices are reasonable based on our experience in the area. Investors can conduct a registered valuation if it's needed for finance |
| 23. | Broad appeal expected when it comes to selling the property   | First home buyers and owner-occupiers are increasingly purchasing townhouses. In 15 years, townhouses will be even more accepted.  |

# Pricing Schedule & Costs of Ownership

## Price Schedule

**Land description**  
Free Hold

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**Estimated Construction Start**  
January 2022

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**Estimated Completion Date**  
September 2022

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**Estimated Rates**  
\$3,200

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**Estimated Insurance**  
\$1,700

Unit	Beds	Bathrooms	Carpark	Internal m2	Price
1	2	1.5	1	74.67	\$659,000
2	2	1.5	1	74.1	\$659,000
3	2	1.5	1	73.2	\$659,000
4	2	1.5	1	74.1	\$659,000
7	2	1.5	1	73.29	\$659,000
10	2	1.5	1	75.53	\$649,000
12	2	1.5	1	73.73	\$649,000
13	2	1.5	1	73.8	\$649,000
14	2	1.5	1	72.7	\$649,000
17	2	1.5	1	73.35	\$649,000
18	2	1.5	1	73.35	\$649,000
19	2	1.5	1	72.76	\$649,000
20	2	1.5	1	73.35	\$649,000

Unit	Beds	Bathrooms	Garage	Internal m2	Price
53	2 + office	1.5	1	111.84	\$735,000
54	2 + office	1.5	1	113.96	\$735,000
55	2 + office	1.5	1	111.84	\$735,000
56	2 + office	1.5	1	113.96	\$735,000
57	2 + office	1.5	1	111.84	\$735,000
58	2 + office	1.5	1	113.96	\$735,000
60	2 + office	1.5	1	114.23	\$735,000

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# Appendix

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Supporting documents and appendices can be downloaded online. This includes rental assessments, site plans and specs that support the information contained within this document. These supporting documents tend to offer details about the property instead of taking an investment approach. Because of this, they have been committed from the pack.

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Go to [opespartners.co.nz/lincoln](https://opespartners.co.nz/lincoln) to view the appendices

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- » Site Plan
- » Specs
- » Rental Assessment
- » Floor Plans



## Disclaimer

[www.opespartners.co.nz](http://www.opespartners.co.nz)

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Please note all information contained herein is gathered from sources we believe to be reliable. However we cannot guarantee its accuracy and interested persons should rely on their own enquiries from independent professional parties.

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